
Finance Committee

HB 1175

Brief Description: Increasing the rate of sales and use tax that may be imposed by certain transportation benefit districts.

Sponsors: Representatives Muri and Ryu.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Increases the rate of sales and use tax that may be imposed by certain transportation benefit districts.
--

Hearing Date: 1/17/17

Staff: Rachelle Harris

Background:

Transportation Benefit Districts - A Transportation Benefit District (TBD) is an independent taxing district and quasi-municipal corporation. A TBD may be created to acquire, construct, improve, provide, and fund transportation improvement projects within a district. The legislative authority of a city or county may create one, and other jurisdictions are incorporated via interlocal agreements.

TBDs have the authority to raise revenue the following ways, each of which are subject to voter approval:

- excess property taxes for up to 1-year;
- a local sales and use tax of up to 0.2%;
- annual vehicle fees of up to \$100; and
- vehicle tolls, subject to various restrictions.

A TBD may also raise revenue by imposing an annual vehicle fee of up to \$50 or by establishing transportation impact fees on commercial and industrial development. These options do not require voter approval.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Public Transportation Benefit Areas - A Public Transportation Benefit Area (PTBA) is a special taxing district established solely for the purpose of funding public transportation services. PTBAs are established within all or a portion of a county or counties. Cities must be wholly included or excluded. A PTBA is the most common type of public transportation service in the state.

A PTBA may collect fares, tolls, and other charges for the use of the transportation services it provides. Additionally, it may impose a sales and use tax of up to 0.9%, subject to voter approval.

Summary of Bill:

A TBD that is established by a city with a population between 7,500 and 20,000, which borders both the Puget Sound and an interstate freeway, and is located in a county with a population between 700,000 and 1,500,000 that also contains a city with a population of more than 150,000 may impose a sales and use tax that may not exceed the lesser of the sale and use tax imposed by a PTBA located in the same county or 0.9%.

Based on 2016 OFM population estimates, the bill would only apply to the city of DuPont, which is in Pierce County. The only PTBA in Pierce County is Pierce Transit, which levies a sales tax rate of 0.6%. Therefore, the bill would allow a TBD established by DuPont to levy a sales tax rate of up to 0.6%

Appropriation: None.

Fiscal Note: Requested 1/13/17

Effective Date: August 1, 2017